

# **EXHIBIT “A”**

1 **have you held prior to today that you no  
2 longer hold?**

3 A. At one point in the 1982  
4 through 1990 timeframe I owned an  
5 investment property at the seashore in  
6 New Jersey. And I owned a car wash  
7 property in Maple Glen.

8 **Q. And is that the car wash  
9 property that's at issue in this  
10 litigation?**

11 A. Yes.

12 **Q. Are you a shareholder in any  
13 privately-held companies presently?**

14 A. Presently, no.

15 **Q. Prior have you been a  
16 shareholder in any privately-held  
17 companies?**

18 A. Yes.

19 **Q. And what were they?**

20 A. I was a shareholder in a  
21 company called Tri-State Quick Lube,  
22 which was a corporation in which I was an  
23 investor, whose purpose it was to  
24 identify properties and open up

1 to say, it has not gone very far. But  
2 the design of the company was to obviate  
3 card counting at the blackjack tables.  
4 The idea was intriguing so it seemed like  
5 a reasonable investment. At the present  
6 time I can't recall any other companies  
7 in which I have been a shareholder.

8 **Q. What was the company that  
9 held the Maple Glen car wash?**

10 A. It was called Executive Car  
11 Wash.

12 **Q. And was that a  
13 privately-held company?**

14 A. Yes.

15 **Q. And were you the sole owner  
16 of that one?**

17 A. Yes.

18 **Q. And were there any officers  
19 or directors of that company?**

20 A. At the time I was the  
21 president of the company. Another  
22 officer was my wife at the time.

23 **Q. What was her name?**

24 A. Marilyn.

15

17

1 franchises in the quick lube business.

2 **Q. Is that like Jiffy Lube?**

3 A. Yes.

4 **Q. And when was that timeframe?**

5 A. Late '80s.

6 **Q. And how long were you in  
7 that?**

8 A. A few years.

9 **Q. And did you divest yourself  
10 of that?**

11 A. We were bought out of those  
12 properties by the parent company, by the  
13 Jiffy Lube parent, and at that time it  
14 was Jiffy Lube and Pennzoil.

15 **Q. Are there any other  
16 privately-held companies that you were an  
17 owner of?**

18 A. I was an investor in a card  
19 shuffling machine at one point in my  
20 life. I was intrigued with the  
21 technology that was involved, and the  
22 idea was brought to me by a friend who  
23 asked for the investment and made me a  
24 shareholder in the company. And needless

1 **Q. Marily Pappas?**

2 A. Yes. And I don't recall if  
3 there were any other officers. Which  
4 brings up the other question, that I was  
5 also a privately-held corporation of my  
6 own practice. So I was the sole owner of  
7 a professional corporation, that is  
8 Charles E. Pappas, M.D., which was wholly  
9 owned, totally owned, by me as the  
10 practitioner.

11 **Q. Your wife, did she have  
12 ownership in Executive Car Wash?**

13 A. No.

14 **Q. So you held all the shares?**

15 A. Yes.

16 **Q. And what was her position?**

17 A. Appointed as secretary  
18 treasurer.

19 **Q. And your title was  
20 president?**

21 A. Yes.

22 **Q. Were there any directors?**

23 A. By law I believe you're  
24 required to have a director, I don't

1           **Q. Did you have an attorney  
2 involved?**

3           A. Yes.

4           **Q. And who was the attorney?**

5           A. That was Victor Meitner.

6           **Q. Did you know at the time of  
7 your tour of the car wash how long this  
8 operation had been a car wash?**

9           A. At that time I did not. But  
10 I subsequently learned that it had become  
11 a car wash in the early '80s, in '83 or  
12 '84.

13           **Q. And at that time was that  
14 owned by Mr. Haug?**

15           A. Yes.

16           **Q. Were you aware that prior to  
17 the car wash that it was an ARCO service  
18 station?**

19           A. I was not aware that it was  
20 an ARCO service station.

21           **Q. So when you toured the  
22 facility, did anyone go with you?**

23           A. I can't recall.

24           **Q. Was it operating at the**

1           **Q. And what bank did you  
2 finance it at?**

3           A. Fidelity Bank.

4           **Q. And did you obtain a  
5 mortgage?**

6           A. Not at first. I believe the  
7 purchase of the property was done with a  
8 second on either my home, seashore home  
9 or my office building. And it was done  
10 out of some cash, some available savings  
11 that I had, plus the second, which I had  
12 established a line of credit to meet  
13 purchase and development.

14           **Q. How much was the property?**

15           A. The original purchase price  
16 was approximately, my best recollection  
17 is, around \$350,000.

18           **Q. And how much of that did you  
19 finance?**

20           A. All of it. It was all  
21 either the line of credit or personal  
22 funds that I described, and I can't  
23 recall the breakdown.

24           **Q. Did Fidelity have any**

1           **time?**

2           A. It had been operating  
3 recently, but it had just been closed.  
4 And my understanding of its closure was  
5 that it was within a couple of days that  
6 that property had ceased functioning,  
7 mainly because of the current legal  
8 issues that had arisen over the default.

9           **Q. When you toured the  
10 property, did you just walk around the  
11 outside?**

12           A. I walked around the outside  
13 and I walked into the office because,  
14 other than Mr. Narog who showed me the  
15 property, I had no one with me.

16           **Q. So Mr. Narog was with you  
17 when you toured the property?**

18           A. Yes.

19           **Q. And did Mr. Narog have the  
20 keys to the facility?**

21           A. Yes.

22           **Q. And when you purchased this  
23 property, did you finance it at all?**

24           A. Yes.

1           **relationship with Marion Bank?**

2           A. Not to my knowledge.

3           **Q. So when you went to Fidelity  
4 you said, "I want to buy this property,"  
5 and they set up and put the loan into  
6 process?**

7           A. Correct.

8           **Q. Was there any title search  
9 done with regards to the property?**

10           A. My first recollection of  
11 actual title search took place when I did  
12 the permanent financing after  
13 construction and rehabilitation, probably  
14 in 1989, and the title search at that  
15 point was done by Commonwealth Agency.

16           **Q. A Commonwealth of  
17 Pennsylvania agency?**

18           A. Commonwealth Agency it's  
19 called.

20           **Q. Okay. And did you hire this  
21 agency to do the title search?**

22           A. Yes.

23           **Q. And did they provide you  
24 with the results of that search?**

1 A. Yes.  
 2 Q. And is that when you learned  
 3 that it had been an ARCO service station?  
 4 A. Yes. I had learned it was a  
 5 gas station; I don't recall when I  
 6 identified it as being ARCO.  
 7 Q. Okay.  
 8 A. But I learned it to be a  
 9 previous gas station.  
 10 Q. So in 1989 at the time of  
 11 that title search you learned that the  
 12 site you were applying had been a gas  
 13 station?  
 14 A. Yes.  
 15 Q. Was Mr. Haug the owner of  
 16 the gas station at some point in time?  
 17 A. I don't know.  
 18 Q. At the time you did the  
 19 title search, did the bank require any  
 20 investigation into the prior gas station  
 21 business, such as underground storage  
 22 tanks or environmental issues with  
 23 regards to you acquiring that property?  
 24 A. No.

1 A. The carrier to the best of  
 2 my knowledge was Fireman's Fund.  
 3 Q. Did you use an insurance  
 4 agent to acquire this?  
 5 A. Yes.  
 6 Q. Do you recall his name or  
 7 her name?  
 8 A. No.  
 9 Q. Do you recall the agency  
 10 name?  
 11 A. The agency with whom I did  
 12 most business at that time for our  
 13 personal residence, for the seashore  
 14 residence and my office building was the  
 15 Paul Hertel Company.  
 16 Q. How do you spell that last  
 17 name?  
 18 A. H-e-r-t-e-l.  
 19 Q. Okay.  
 20 A. And if it was not they, it  
 21 could have been the Posse Walsh Company.  
 22 Posse is P-o-s-s-e, Walsh is W-a-l-s-h.  
 23 Q. What's the address of the  
 24 Paul Hertel Company?

31  
 1 Q. The bank never asked for any  
 2 Phase 1, does that ring a bell, Phase 1  
 3 evaluation?  
 4 A. Not when I did the initial  
 5 financing.  
 6 Q. How about when you did the  
 7 permanent financing?  
 8 A. When I refinanced in 1992,  
 9 it was the first time they had asked for  
 10 a Phase 1 study or an environmental  
 11 study.  
 12 Q. And what bank asked for  
 13 that?  
 14 A. I believe it was the same  
 15 bank I placed the permanent financing and  
 16 that was Fidelity Bank. And at that  
 17 point they may have been called First  
 18 Union or First Fidelity, but I believe it  
 19 was called Fidelity Bank.  
 20 Q. At the time you purchased  
 21 the property in 1988 did you acquire  
 22 insurance on the property?  
 23 A. Yes, I did.  
 24 Q. And who was the carrier?

32  
 1 MR. KAPUSTIN: 3rd and  
 2 Walnut.  
 3 THE WITNESS: Hertel, it's  
 4 on Walnut Street in Philadelphia.  
 5 MR. HAMILTON: 3rd and  
 6 Walnut?  
 7 MR. KAPUSTIN: I think so.  
 8 THE WITNESS: Yes. And the  
 9 Posse Walsh Agency was located in  
 10 Blue Bell.  
 11 BY MR. HAMILTON:  
 12 Q. Do you have the street name?  
 13 A. I don't recall.  
 14 Q. So you're saying that you  
 15 acquired your insurance for your personal  
 16 residence as well as your businesses  
 17 through one of those two agencies?  
 18 A. Yes.  
 19 Q. At the time you insured the  
 20 car wash property, did you fill out an  
 21 application for insurance?  
 22 A. I don't recall.  
 23 Q. Do you recall any discussion  
 24 with the agent regarding environmental

1 statement reflects the sale of this  
 2 property; is that correct?

3 A. Yes.

4 Q. And that would be the date  
 5 of this document, January 8, 2001?

6 A. That's correct.

7 Q. And you instituted legal  
 8 action against Mr. Carney on June 13,  
 9 2002; is that correct? Mr. Carney's  
 10 company.

11 A. Yes.

12 Q. And at the time of your  
 13 instituting the legal action, you are not  
 14 the owner of the property any longer or  
 15 have any interest in that property; is  
 16 that correct?

17 A. That's correct.

18 Q. The document we have marked  
 19 as Pappas-2, is that familiar? Are you  
 20 familiar with this document (indicating)?

21 A. Yes, I am.

22 Q. In the first column,

23 "Summary Of Borrower's Transaction," it  
 24 says "Gross Amount Due From Borrower:

1 "Option To Purchase" "Sanco Ventures,"  
 2 "233,633"?

3 A. Yes.

4 Q. So that money went to  
 5 Mr. Sannuti, Sannuti's company?

6 A. Sanco Ventures.

7 Q. And that's because he had  
 8 already made a prior arrangement with you  
 9 on the lease purchase agreement; correct?

10 A. Yes.

11 Q. So you had already received  
 12 money from Mr. Sannuti in consideration  
 13 for that agreement?

14 A. I had not already received  
 15 the payment. His agreement with me was  
 16 to pay me \$518,000 originally plus rent.  
 17 Because of the problems that occurred  
 18 here with this property, he reduced the  
 19 the price to \$418,000 to me and didn't  
 20 pay the rent according to the schedule.  
 21 So what I received here was \$100,000 less  
 22 than what I should have received.

23 Q. Was there any upfront cash  
 24 from Mr. Sanutti at the time of the lease

91 1 \$656,602.50." Do you see that?

2 A. Yes.

3 Q. Is that how much you  
 4 received for the property?

5 A. No.

6 Q. How much did you sell the  
 7 property for?

8 A. \$418,000.

9 Q. And was that money from  
 10 Mr. Sannuti or from Mr. Bets?

11 A. \$418,000 was received from  
 12 this agreement with Mr. Bets.

13 Q. Okay.

14 A. Mr. Sannuti exercised an  
 15 agreement with Mr. Bets I presume in  
 16 order to sell the property to him  
 17 directly.

18 Q. So Mr. Sannuti got \$238,000.  
 19 He got the difference from the \$418,000  
 20 and the \$656,00?

21 A. I don't see the settlement  
 22 sheet here. But if that's what you say,  
 23 it looks to me on the second page that --

24 Q. If says, on line item 815

1 purchase agreement?

2 A. \$50,000 for prepayment of  
 3 rent, yes.

4 Q. For prepayment of rent. So  
 5 then when he collected the rent he would  
 6 just keep it?

7 A. He's not the lessor, he's  
 8 the lessee.

9 Q. So you picked up \$50,000?

10 A. At the time of the lease  
 11 purchase application.

12 Q. Plus another \$418,000?

13 A. Correct.

14 Q. And on line 1308, this  
 15 \$40,000 escrow, Gary Zlotnik, Esquire?

16 A. Yes.

17 Q. Is that the \$40,000 that is  
 18 alluded to in the General Release, Pappas  
 19 document number 1?

20 A. Yes, it is.

21 Q. So this depicts -- you got  
 22 the \$418,00 plus you got \$50,000 in  
 23 settlement charges; is that correct?

24 Line 502 on the first page.